

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 2069 - SB 1887**

March 24, 2011

**SUMMARY OF BILL:** Authorizes a property owner to apply with the county property assessor for classification of the property as affordable housing rental property for individuals and families whose incomes fall below 60 percent of the median incomes in their respective areas. Requires the property assessor to classify qualifying property and assess it as affordable rental property on the county tax roll at its present use value. Defines “affordable housing rental property” as residential rental property that has received a low-income housing tax credit authorized by § 42 of the Internal Revenue Code of 1986. Defines “owner” as the person or persons holding title or leasehold interest of 30 years or more to land or improvements. Defines “present use value” as the property’s potential gross income from restricted rents determined by the owner’s audited financial statements and the gross income multiplier of six.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Not Significant**

**Decrease Local Revenue – \$1,680,000**

**Assumptions:**

- According to the Comptroller of the Treasury, and based from a sample of Section 42 housing complexes, property valuations will decrease by approximately 28 percent.
- According to the Comptroller, statewide market value is estimated to exceed \$400 million.
- According to the Comptroller, the classification rate is 40 percent and the average tax rate is \$3.75 per \$100 of assessed value.
- The decrease to local government revenue is estimated to exceed \$1,680,000 per year ( $\$400,000,000 \times 28\% \times 40\% \times \$0.0375$ ).
- Any administrative costs associated with creating or processing an application can be accommodated within existing resources.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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